



**H.B. 5876**  
**House Committee on Insurance**

**November 13, 2014**

My name is Christine Shearer and I am the Deputy Director of the Office of Legislation and Advocacy for the Michigan Association of Health Plans. Our association represents 17 health plans serving over 2.5 Michigan citizens in Medicaid, Medicare and Commercial products and 55 business and limited members. With me today is Carrie Germain, Pharmacy Director of HealthPlus and Chair of the MAHP Pharmacy Directors committee and Steve Marciniak, Pharmacy Director, Priority Health.

MAHP believes there is a compelling public interest for the state to assure a competitive insurance market. Indeed market competition is essential to guaranteeing the broadest access to affordable insurance coverage. In addition, a competitive market leads to affordable premiums for employers and employees and competitive payments to health care providers. This is a principle that we believe everyone supports.

MAHP believes that the stimulation of health insurance market competition should be a top priority for the state of Michigan. However MAHP has always opposed legislation that would result in a regulatory framework that either prevents health plans from being able to effectively structure contractual relationships with health care providers or unduly interferes with insurance market competition that seeks to offer innovative approaches. Make no mistake; this is what HB 5876 will do.

As introduced, HB 5876 would force health plans that are operating as part of an integrated delivery network to contract with any health care provider that is willing to enter into a contract. The ability of health plans to construct networks that include some, but not all, providers (so-called “selective contracting”) has long been seen as an important tool to enhance competition and lower costs in

markets for health care goods and services. Both economic principles and empirical evidence supports that view.

The proposed “any willing pharmacy” provisions threaten the effectiveness of selective contracting with pharmacies as a tool for lowering costs. Requiring prescription drug plans to contract with any willing pharmacy would reduce the ability of plans to obtain price discounts based on the prospect of increased patient volume and thus impair the ability of prescription drug plans to negotiate the best prices with pharmacies. HB 5876 would also prohibit the health plans to steer beneficiaries to lower-cost, preferred pharmacies and preferred mail order vendor through financial incentives or other terms.

MAHP is supportive of engaging in a public dialogue that seeks to shed light on the key issues related to the changing insurance and health care delivery system. We think it is always appropriate to ask what changes to current law and regulations will help ensure there is a competitive insurance market that facilitates broad access to coverage? As you review HB 5876, you might also be asking:

1. Should we first change the law to require a licensed pharmacist be part owner in a pharmacy?
2. What kind of background check does LARA or the Board of Pharmacy currently do in reviewing a pharmacy application?
3. Should Michigan charge a fee to review any fraud information or licensing checks on all business owners prior to them opening their doors?
4. Has the Michigan Inspector General of the Department of Community Health heard any complaints from health plans/insurers on the fraud they are experiencing within the pharmacy Industry?
5. Is there evidence of consumer access difficulty to obtain pharmacy products?

As this legislation affects the Medicaid Health Plans and state funding, we believe you should also seek the impact analysis from MDCH and the Medicaid Inspector General regarding this requirement.

I would like to now turn it over to Carrie Germain who will elaborate of some of her experiences in contracting with pharmacies for her network and then Steve Marciniak, will provide a brief overview of what this legislation would mean to our specialty drug market.

**Conclusion**

To my knowledge Michigan doesn't have similar "any willing" provision in other categories. For example, would it make sense to have "any willing pilots", and require airlines to take any pilot, or law firms required to take anyone who has passed the Michigan Bar, or any willing teachers?

We therefore urge Committee members to preserve competition and consumer choice in accessing health care that fosters innovation and improvement in health care and is essential in advancing evidence based medical practice and technology by voting no on this legislation.